

LOAN FACILITY AGREEMENT

LOAN FACILITY AGREEMENT made at 223 Pitt Town Road, Pitt Town, NSW on the 30th day of June 2014.

PARTIES

BETWEEN: (The "Lender")
**WILLIAM DAIRMID SLATER & SHARON DENISE SLATER AS TRUSTEES FOR
THE BILL SLATER SUPERANNUATION FUND**

AND: (The "Borrower")
**YARRI MINING PTY LTD (ACN120 304 261)
ABN 34 120 304 261**

RECITALS:

- A. The Lender has agreed to provide a loan facility to the Borrower in accordance with this Agreement.

THE PARTIES AGREE:

Definitions and Interpretation

1. Definitions

In this Agreement, unless the context or subject matter otherwise require:

"Advance" means any advance or loan made to the Borrower by the Lender after the date of this Agreement;

"Agreement" means this loan facility agreement (including the recitals);

"Authorised Representative" means:

- (a) in respect of a party which is a corporation:
- (i) a company secretary or director or any officer of the corporation whose title or office includes the words "manager" or "director"; or
 - (ii) a person acting with the title or in the office of manager or director; and;
- (b) in respect of each party, a solicitor of that party or a person nominated by Notice to the other party as an authorised representative;

"Claim" means, in relation to a person, a claim, demand, remedy, suit, damage, loss, cost, liability, action, proceeding, right of action, claim for compensation or reimbursement or liability incurred by or to be made or recovered by or against the person, however arising and whether ascertained or unascertained, or immediate, future or contingent;

"Controller" has the meaning given in section 9 of the Corporations Act;

"Due Date" in relation to an Advance, is defined in clause 2.

"Insolvency Provision" means any law relating to insolvency, sequestration, liquidation or bankruptcy (including any law relating to the avoidance of conveyances in fraud of creditors or of preferences and any law under which a liquidator or trustee in bankruptcy may set aside or avoid transactions) and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.

"Interest Rate", in relation to a year, is defined in clause 4;

"Jurisdiction" means the state/territory of **Western Australia**;

"Notice" means a written notice, consent, approval, direction, order or other communication;

"Obligation" means any legal, equitable, contractual, statutory or other obligation, agreement, covenant, commitment, duty, undertaking or liability;

"Outstanding Balance" means, on any day, the aggregate of all money owing or payable actually or contingently by the Borrower to the Lender under this Agreement on that day;

"Principal Sum" means the total of all Advances made by the Lender to the Borrower;

"Term", in relation to an Advance, is defined in clause 2;

"Year" means the Lender's year of income;

In the interpretation of this Agreement, unless the context or subject matter otherwise require:

- (a) singular includes plural and vice versa;
- (b) any gender includes every gender;
- (c) a reference to a person includes corporations, trusts, associations, partnerships, a Government Authority, and other legal entities, and where necessary, include successor bodies;
- (d) references to months are references to calendar months;
- (e) headings and the table of contents are used for convenience only and are to be disregarded in the interpretation of this Agreement;
- (f) a reference to a party includes that party's executors, administrators, substitutes, successors and permitted assigns.

ADVANCES & REPAYMENTS

2. Advance

The amount of the advance shall be \$300,000.00

Term and Due Date

The Term for the Advance under this Agreement shall be from the date of the advance for a period of five years.

3. Repayment

The advance shall be repaid in full with accumulated interest on 30th June 2019. Interest shall be calculated at rate as per clause 4 and shall be paid in full on due date of loan repayment.

Interest and Repayments

4. Interest Rate

- (a) The Interest Rate is 8.0%
- (b) The interest rate may be revised at the beginning of each Year, but thereafter remains constant throughout the Year.

5. Interest Accrual Period

An Advance shall accrue interest until the end of the Year in which it is made. That interest is payable in accordance with clause 3.

6. Accrual of Interest

Interest shall be calculated daily by applying the Interest Rate to the Outstanding Balance (less any Advances made during the current Year). Interest shall become payable in accordance with clause 3.

7. Repayments

The Borrower shall make one repayment in respect of the entire Outstanding Balance in accordance with clause 3.

Default

8. Events of Default

At the option of the Lender, the Outstanding Balance shall become immediately due and payable by the Borrower to the Lender notwithstanding any previous delay or waiver by the Lender, if:

- (a) the Borrower does not pay any money payable under this Agreement as and when it falls due;
- (b) the Borrower is in breach of any provision of this Agreement;
- (c) the Borrower is unable to pay its debts or certifies that it is unable to pay its debts as and when they fall due;
- (d) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of the Borrower;
- (e) a liquidator or provisional liquidator is appointed in respect of any corporate Borrower;
- (f) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in clause 8.(d) or 8.(e);
 - (ii) winding up a corporate Borrower; or
 - (iii) proposing or implementing a scheme of arrangement in respect of a corporate Borrower;
- (g) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of a Borrower who is an individual or their estate under any Insolvency Provision;
- (h) a moratorium of any debts of a Borrower or an official assignment or a composition or an arrangement (formal or informal) with a Borrower's creditors or any similar proceeding or arrangement by which the assets of a Borrower are subject conditionally or unconditionally to the control of a Borrower's creditors is ordered, declared or agreed to or is applied for and the application is not withdrawn or dismissed within 7 days;
- (i) a Borrower becomes, or admits in writing that it is, or is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts;
- (j) any distress, execution or sequestration or other process is levied or enforced upon or any order is made against the property and assets of the Borrower and is not paid out, removed or discharged within 7 days.
- (k) a Borrower dies;
- (l) Borrower creates a purpose to assign or create any charge, pledge or lien over the property the subject of any security of any part thereof without the prior consent of the Lender.

9 Default Charge

Where the Borrower does not pay an amount payable under this Agreement when it is due, the Borrower will pay to the Lender interest on that overdue amount calculated at the

Interest Rate on daily balances from the day the amount fell due and was unpaid to the day it is paid.

10 Remedy Default

The Lender may, if it thinks fit, remedy any default of the Borrower and the Borrower agrees to repay on demand any sum expended or paid to make good such default and such sum shall bear interest at the Interest Rate.

Representations and Warranties

11 Representations and Warranties

The Borrower represents and warrants to the Lender that:

- (a) **(Power)** it has full legal capacity and power to enter into, exercise its rights and perform its obligations under this Agreement;
- (b) **(Authorisation)** all conditions and things required by applicable law to be fulfilled or done in order:
 - (i) to enable it lawfully to enter into, and exercise its rights and perform its obligations under, this Agreement;
 - (ii) to ensure that its obligations under this Agreement rank and will continue to rank at all times in accordance with paragraph (d) below; and
 - (iii) to make this Agreement admissible in evidence in the courts in this Jurisdiction;
 - (iv) have been fulfilled or done;
- (c) **(Obligations Binding)** this Agreement constitutes its valid and legally binding obligations, enforceable against it in accordance with their respective terms except to the extent limited by equitable principles and laws affecting creditors' rights generally;
- (d) **(Ranking of Obligations)** its payment obligations under this Agreement rank and will continue to rank at all times at least equally with all its other present and future unsecured payment obligations (including, without limitation, contingent obligations), other than those which are mandatorily preferred by law;
- (e) **(No Litigation)** no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the Borrower, threatened against it or any of its property which, if adversely determined, could have, either separately or in aggregate, a material adverse effect on it;

Borrower's Undertakings

12 The Borrower shall:

- (a) **(Information)** provide the Lender upon request and, in any event, within five business days of request, with any information relating to the financial condition, business, assets and affairs of itself, as the Lender may reasonably request;
- (b) **(Records)** keep proper financial records and permit the Lender or its representatives to examine and take copies of those financial records and all other documents relating to its finances at all times;
- (c) **(Comply with Applicable Law)** comply with all applicable law including, without limitation, by paying when due all taxes to which it or its assets are assessed or liable

except to the extent that these are being diligently contested in good faith and by appropriate procedures and the Borrower has made adequate reserves for them;

- (d) **(Authorisations)** obtain, maintain and comply with any conditions attaching to any authorisations which it requires to carry out the transactions contemplated by, and to ensure the validity, enforceability and admissibility in evidence of, this Agreement;
- (e) **(Notice of Litigation)** give the Lender prompt notice of any litigation, arbitration or administrative proceedings affecting it or any of its property which, if adversely determined, could have, either separately or in the aggregate, an adverse effect on it.

Costs

- 13. The Borrower shall pay to the Lender all stamp duty payable on or in respect of this Agreement, all legal and other costs, charges and expenses incurred or paid by the Lender relating to the negotiation, preparation, execution and enforcement of this Agreement.

Assignment

- 14. **Assignment and consent**
No party shall be entitled to assign its rights or obligations under this Agreement without the prior written consent of the other parties, which consent may be given or withheld, or given on conditions, in the absolute discretion of the other parties.
- 15. **Continuation of liabilities**
After an assignment:
 - (a) the assignor remains principally liable jointly and severally with the assignee for the performance and observance of all obligations assigned to the assignee; and
 - (b) the assignor shall procure the assignee to enter into a deed in which the assignee covenants to be bound by this Agreement, including (without limitation) this clause.

Notices

- 16. **Form of Notices**
Notices given under this Agreement shall be:
 - (a) in writing; and
 - (b) signed by the party giving the Notice or by that party's Authorised Representative.
- 17. **Method and address for giving Notices**
Notices must be either:
 - (a) delivered by hand;
 - (b) posted by pre paid security or certified mail; or
 - (c) transmitted by e-mail.

Jurisdiction

18. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction, and each party irrevocably submits to the non exclusive jurisdiction of the courts of the jurisdiction for the purpose of any such action, suit or proceeding

General Provisions

19. **Variations**

No variation of this Agreement nor consent to a departure by a party from a provision, shall be of effect unless it is in writing, signed by the parties or (in the case of a waiver) by the party giving it. Any such variation or consent shall be effective only to the extent to or for which it may be made or given.

20. **Waiver**

The non exercise of or delay in exercising a right of a party shall not operate as a waiver of that right, nor does a single exercise of a right preclude another exercise of it or the exercise of other rights. A right may only/ be waived by Notice, signed b~/ the party (or its Authorised Representative) to be bound b~/the waiver.

21. **Liability of parties**

If a party consists of more than one person:

- (a) an obligation of those parties is a joint obligation of all of them and a several obligation of each of them;
- (b) a right given to those parties is a right given jointly and severally to each of them, and if exercised by one of them, is deemed to be exercised jointly; and
- (c) a representation, warranty or undertaking made by those parties is made by each of them.

22. **Warranty of authority**

Each person signing this Agreement on behalf of another person warrants that so far as he or she is aware he or she has the authority to do so.

SIGNED BY THE LENDER

WILLIAM DAIRMID SLATER AND)
SHARON DENISE SLATER)
AS TRUTSEES FOR)
THE BILL SLATER SUPERANNUATION FUND)

WILLIAM DAIRMID SLATER

SHARON DENISE SLATER

SIGNED BY THE BORROWER

YARRI MINING PTY LTD

WARREN SLATER (DIRECTOR)